

The court incorporates by reference in this paragraph and adopts as the findings and orders of this court the document set forth below.



/S/ RUSS KENDIG

Russ Kendig
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION, CANTON**

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In re: : Case No. 10-61033
: :
THE HERALD PRINTING COMPANY : Chapter 11
: :
an Ohio corporation, : Judge Russ Kendig
: :
Debtor and : :
Debtor-in-Possession. : :
: :
(Employer Tax I.D. No. 34-1050454) : :
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**AGREED INTERIM ORDER GRANTING MOTION OF THE DEBTOR
IN POSSESSION AUTHORIZING THE DEBTOR'S USE OF CASH
COLLATERAL PURSUANT TO SECTION 363 OF
THE BANKRUPTCY CODE**

This matter coming before the Court on the Motion of the Debtors for an Interim Order Authorizing the Debtor's Use of Cash Collateral Pursuant to section 363(c)(2) of the Title 11 of the United States Code (the "Bankruptcy Code") (the "Motion"). The motion was filed with this Court on March 17, 2010, Docket No. 13.

After a hearing, and consideration of the Motion, the statements made by parties in interest at the Hearing, the Court hereby makes these following findings of fact and conclusions of law: (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the order of reference entered in this District on July 16, 1984, pursuant to 28 U.S.C. § 157; (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (J), and (M); (c) service of the Motion and notice of the Hearing was sufficient under the circumstances and any requirement for other or further notice shall be, and it hereby is, dispensed with and waived; (d) the Court, having been asked by the Debtor to consider the Motion made under Section 363(c)(2) of the Bankruptcy Code and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), is authorized to enter final judgment and this Interim Order constitutes the Court's findings of fact and conclusions of law under Bankruptcy Rule 7052; and (e) the Court having considered the legal and factual bases set forth in the Motion, determines that just cause has been shown for the relief granted herein, and accordingly;

1. The Motion shall be, and hereby is, GRANTED on an interim basis to the extent provided herein.

2. Capitalized terms not otherwise defined herein have the meanings given to them in the Motion.

3. The Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on March 16, 2010, (the "Petition Date") and is continuing in the management and possession of its business and property as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

4. Prior to the commencement of the Debtor's chapter 11 case, Citizens Bank made loans and advances to the Debtor, pursuant to the terms of several loan agreement and

promissory notes in favor of Citizens Bank, which were purchased by PAF Investments LLC (“PAF” or the “Lender”) To secure their pre-petition obligations to the Lender, the Debtor granted a security interests in the Debtor’s raw materials, work in process, inventory, accounts receivable, and cash.

5. Pursuant to Section 363(c)(2) the Debtor may not use cash that is the Lender’s cash collateral (“Cash Collateral”) without the consent of all parties with an interest in the property or demonstrating adequate protection to such parties under Section 361. The Debtor has agreed to the Debtor’s use of cash during the interim period pursuant to the budget attached hereto. Therefore, the Debtor may use Cash Collateral as provided herein pursuant to Section 363(c)(2)(b).

6. The Debtor has stated that it desires to pursue a financial restructuring that the Debtor believes that the best method to effectuate such a financial restructuring is by means of a chapter 11 case for the Debtor.

7. Based upon the record presented to the Court by the Debtor, the relief requested in the Motion is necessary, essential, and appropriate for the continued operation of the Debtor business and the management and preservation of the Debtors’ assets and properties and is in the best interests of the Debtor, its estate, and creditors.

IT IS ORDERED, ADJUDGED, AND DECREED THAT:

A. The Debtor is hereby authorized to use Cash Collateral only through April 2, 2010, (the “Interim Period”), pursuant to the terms and provisions of this Interim Order and pursuant to Section 363(c)(2)(B) of the Bankruptcy Code.

B. As adequate protection and in accordance with section 363(e) of the Bankruptcy Code, the Lender is hereby granted a valid, binding, enforceable and perfected post-petition

replacement liens and additional liens (the "Adequate Protection Liens") in all of the Debtor's post-petition raw materials, work in process, inventory, accounts receivable and cash among other things. The Adequate Protection Liens shall secure an amount of the Prepetition Loans equal to the aggregate amount of Cash Collateral expended during the Interim Period.

C. Nothing herein shall limit the rights of the Lender to (i) seek further adequate protection in addition to the Adequate Protection Liens under sections 362 or 363 of the Bankruptcy Code on account of obligations outstanding, (ii) seek further relief from the automatic stay of section 362 of the Bankruptcy Code at any future time, (iii) request a conversion of any or all of the Debtor's chapter 11 case to a chapter 7 or the appointment of a trustee or examiner under section 1104 of the Bankruptcy Code, (iv) propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan or plans in any or all of this chapter 11 case; or (v) further object to the use of cash collateral.

D. The provisions of this Interim Order shall inure to the benefit of the Debtor, the Lender and shall be binding upon the Debtor, the Lender and their respective successors and assigns including any trustee or other fiduciary hereafter appointed as a legal representative of the Debtor or with respect to property of the estates of the Debtor, whether under chapter 11 of the Bankruptcy Code or any subsequent chapter 7 case, and shall also be binding upon the United States Trustee, all creditors of the Debtor and other parties in interest.

E. If any or all of the provisions of this Interim Order are hereafter modified, vacated or stayed, such modification, vacation or stay shall not affect the validity of any obligation, indebtedness or liability incurred by the Debtor to the Lender prior to the effective date of such modification, vacation or stay.

F. As a condition to Lender's consent to the Debtor's use of cash collateral during the Interim Period, the Debtor shall deliver to the Lender the following:

- i. Bylaws, articles, and other corporate governance documents no later than March 25, 2010;
- ii. A 13 week cash flow projection together with source documents starting on the Petition Date no later than March 25, 2010; and
- iii. On a daily basis, the Debtor shall deliver to Lender: copies of checks received, deposits, sales, accounts receivable aging, accounts payable aging, bank statements, cash receipts and disbursements, and inventory report.

The Debtor shall permit the Lender reasonable access to the Debtor's facility for inspection of the Lender's collateral.

G. Further requests for additional use of Cash Collateral as may be made by the Debtor, if any, will be heard at 2:00 p.m. (Eastern Time) on April 1, 2010, ("Further Hearing"), in United States Bankruptcy Court for the Northern District of Ohio (Canton Division), 201 Cleveland Avenue SW, Canton, Ohio 44702, Room 109C at which time any party-in-interest may appear and state its objections, if any, to the borrowings by the Debtor. The following parties shall immediately, and in no event later than three (3) days after the entry of this Interim Order, be mailed copies of this Interim Order: (a) the Office of the United States Trustee, (b) the Lender or their counsel if an appearance is made, (c) all other creditors known to the Debtor who may have liens against Debtor's assets, (d) any statutory committee of unsecured creditors (or if retained, its counsel) if and when one is appointed, (e) the twenty (20) largest unsecured creditors of the Debtor, (f) all parties in interest that have filed requests for notice in this chapter 11 case. Except as otherwise provided in this paragraph, the terms of this Interim Order shall be

valid and binding upon the Debtor, all creditors of Debtor and all other parties-in-interest from and after the date of this Interim Order by this Court. In the event this Court modifies any of the provisions of this Interim Order following such further hearing, such modifications shall not affect the rights and priorities of the Lender pursuant to this Interim Order with respect to the administrative expense claims incurred prior to such modifications (or otherwise arising prior to such modifications), and this Interim Order shall remain in full force and effect except as specifically amended or modified at such final hearing.

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AGREED TO BY:

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Forecast

2007 - 2011

FOR DISCUSSION PURPOSES ONLY

	2010 March 31	2010 April	2010 May	2010 June	2010 July	2010 August	2010 September	2010 October	2010 November	2010 December	2011 January	2011 February	2011 March	12 Mos Fcst Total 2011
Revenue	146,562	331,001	308,285	321,266	340,737	327,756	298,550	305,040	350,472	318,021	347,227	334,246	311,531	3,894,132
Cost of Goods Sold														
Paper	39,201	82,750	77,071	80,317	85,184	81,939	74,638	76,260	87,618	79,505	86,807	83,562	77,883	
Labor	21,831	56,270	52,408	54,615	57,925	55,719	50,754	51,857	59,590	54,064	59,029	58,822	52,960	973,533
Direct Supplies	5,811	16,490	15,214	16,008	16,416	16,055	14,048	15,282	17,599	15,951	16,511	16,405	15,811	662,003
Sublet	8,208	16,610	15,514	16,118	17,237	16,721	15,456	17,237	17,448	15,901	17,483	17,012	15,343	194,707
Merchandise Purch.	2,147	4,965	4,624	4,819	5,111	4,916	4,478	4,576	5,257	4,770	5,208	5,014	4,673	193,049
Repairs & Maint.	2,345	6,620	6,166	6,425	6,815	6,555	5,971	6,101	7,009	6,360	6,945	6,685	6,231	58,412
In-Direct Supplies	4,595	5,296	4,933	5,140	5,452	5,244	4,777	4,881	5,608	5,088	5,556	5,348	4,984	77,883
NextPress Supplies	8,807	16,550	15,414	16,063	17,037	16,388	14,928	15,252	17,524	15,901	17,361	16,712	15,577	62,306
Change in Inventory - WIP														
Other	5,541	6,951	7,091	6,425	8,178	7,211	7,165	7,016	7,360	6,360	6,881	6,351	6,883	194,707
TOTAL COGS	98,486	212,503	198,436	205,932	219,354	210,747	192,213	196,346	225,003	203,901	223,561	213,910	200,344	85,671
Gross Margin	48,076	118,498	109,849	115,334	121,383	117,009	106,337	108,694	125,469	114,120	123,646	120,336	111,187	2,502,269
	32.8%	35.8%	35.6%	35.9%	35.6%	35.7%	35.8%	35.6%	35.8%	35.9%	35.6%	36.0%	35.7%	35.7%
Selling and Administrative Expenses														
Salaries	25,009	42,056	39,170	40,819	43,293	41,644	37,933	38,757	44,530	40,407	44,118	42,468	39,582	
Benefits	6,050	10,301	9,594	9,998	10,604	10,200	9,291	9,493	10,907	9,897	10,906	10,402	9,695	494,777
Depreciation & Amortization	5,676	10,923	10,173	10,602	11,244	10,816	9,852	10,066	11,566	10,495	11,458	11,030	10,281	121,190
Rent & Utilities	6,452	12,820	11,941	12,443	13,197	12,695	11,563	11,815	13,575	12,318	13,449	12,946	12,066	128,506
Professional Fees	1,136	14,280	13,300	13,860	14,700	14,140	12,880	13,160	15,120	13,720	14,980	14,420	13,440	160,828
Office Supplies	6,343	8,275	7,707	8,032	8,518	8,194	7,484	7,626	8,762	7,951	8,681	8,356	7,786	
Delivery	1,977	2,856	2,660	2,772	2,940	2,828	2,576	2,632	3,024	2,744	2,996	2,884	2,688	97,353
Auto Allowance	914	2,317	2,158	2,249	2,385	2,284	2,090	2,135	2,453	2,226	2,431	2,340	2,181	
State & Local Taxes	1,173	993	925	964	1,022	983	896	916	1,051	954	1,042	1,003	935	33,600
Merchandise Returned	916	1,655	1,541	1,606	1,704	1,639	1,493	1,525	1,732	1,590	1,671	1,568	1,471	27,259
Discounts Allowed	513	1,324	1,233	1,285	1,363	1,311	1,194	1,220	1,402	1,272	1,389	1,337	1,246	11,682
Commissions	202	331	308	321	341	328	299	305	350	318	347	334	312	19,471
Dues & Subscriptions	146	331	308	321	341	328	299	305	350	318	347	334	312	15,577
Bad Debts	749	1,655	1,541	1,606	1,704	1,639	1,493	1,525	1,732	1,590	1,671	1,568	1,471	3,894
Insurance	469	993	925	964	1,022	983	896	916	1,051	954	1,042	1,003	935	3,894
Travel	1,109	331	308	321	341	328	299	305	350	318	347	334	312	19,471
Advertising	844	1,374	1,273	1,315	1,383	1,321	1,194	1,220	1,352	1,232	1,359	1,317	1,236	11,682
Other	59,678	112,816	105,067	109,479	116,102	111,670	101,710	103,921	119,349	108,304	118,263	113,851	106,123	3,894
TOTAL SGA	40.7%	34.1%	34.1%	34.1%	34.1%	34.1%	34.1%	34.1%	34.1%	34.1%	34.1%	34.1%	34.1%	34.1%
Operating Income	(11,602)	5,683	4,783	5,855	5,280	5,339	4,627	4,773	6,120	5,816	5,383	6,484	5,065	1,326,655
	-7.9%	1.7%	1.6%	1.8%	1.5%	1.6%	1.5%	1.6%	1.7%	1.8%	1.6%	1.9%	1.6%	34.1%
Other Income (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretax Profit(Loss) before restructuring	(11,602)	5,683	4,783	5,855	5,280	5,339	4,627	4,773	6,120	5,816	5,383	6,484	5,065	1,326,655
	-7.9%	1.7%	1.6%	1.8%	1.5%	1.6%	1.5%	1.6%	1.7%	1.8%	1.6%	1.9%	1.6%	34.1%
Restructuring (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretax Profit(Loss)	(11,602)	5,683	4,783	5,855	5,280	5,339	4,627	4,773	6,120	5,816	5,383	6,484	5,065	65,208
	-7.9%	1.7%	1.6%	1.8%	1.5%	1.6%	1.5%	1.6%	1.7%	1.8%	1.6%	1.9%	1.6%	1.7%
Income Tax	-	942	942	942	942	942	942	942	942	942	942	942	942	942
Net Income	(11,602)	4,741	3,841	4,914	4,338	4,397	3,685	3,831	5,178	4,874	4,441	5,543	4,123	11,302
	-7.9%	1.4%	1.2%	1.5%	1.3%	1.3%	1.2%	1.3%	1.5%	1.5%	1.3%	1.7%	1.3%	53,906